

Message Text

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PAGE 01 ANKARA 05809 031523Z

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FEAE-00 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05
USIA-06 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
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P R 031340Z AUG 77

FM AMEMBASSY ANKARA

TO SECSTATE WASHDC PRIORITY 8376

INFO AMCONSUL ISTANBUL

AMCONSUL IZMIR

AMCONSUL ADANA

AMEMBASSY BRUSSELS

AMEMBASSY PARIS

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USOECN, USEEC

E.O. 11652: N/A

TAGS: EFIN, EIND, TU

SUBJECT: PRODUCTION SLOWDOWNS RESULT FROM FOREIGN EXCHANGE
SHORTAGES

REF: A) ANKARA 5746, B) ANKARA 4460

1. TURKISH PRESS DESCRIBES RAW MATERIAL SHORTAGES CITED
IN REFTTEL A AS MOST CRITICAL IN FOLLOWING INDUSTRIES:
AUTOMOTIVE, PHARMACEUTICAL, TEXTILE, AND CANNED FOODS
(IN ORDER OF IMPORTANCE).

2. MILLIYET OF AUGUST 2 CARRIES ARTICLE DESCRIBING
TURKEY'S INDUSTRIAL BOTTLENECKS AND HOW GOT COULD SOLVE
THEM IN DAILY COLUMN, "THINKERS' THOUGHTS". WRITTEN BY DR.
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MUSTAFA AYSAN, PROFESSOR OF BUSINESS ADMINISTRATION AT
ISTANBUL UNIVERSITY, ARTICLE GIVES GREATEST EMPHASIS TO
AUTOMOTIVE INDUSTRY IN TURKEY, WHICH HE REPORTS TO BE
ABOUT TO STOP PRODUCTION, ALONG WITH ITS ANCILLARY INDUSTRIES.
AUTOMOTIVE PRODUCERS' FOREIGN LICENSORS ARE
SAID TO HAVE RECENTLY STOPPED SUPPLYING PARTS ON CREDIT TO
THEIR LICENSEES IN TURKEY, AS THEY HAD BEEN DOING FOR PRE-

VIOUS TEN MONTHS. WIDESPREAD EXPECTATION OF TURKISH CURRENCY DEVALUATION LEADS TO FEAR THAT TURKISH CURRENCY COST OF SUPPLIER CREDITS WILL SHOW GREAT INCREASE WHILE RESULTING PRODUCTION WILL CONTINUE TO BE SOLD UNTIL DEVALUATION AT LOW PRICES ESTABLISHED AND CONTROLLED BY GOVERNMENT.

3. PHARMACEUTICAL INDUSTRY SAID TO BE ABOUT TO STOP PRODUCTION FOR SAME REASON. EVEN LARGE ENTERPRISES IN FRUIT AND VEGETABLE CANNING AND TEXTILES ARE SAID TO BE SLOWING PRODUCTION RATES BECAUSE OF SUPPLY DIFFICULTIES FROM ABROAD.

4. AYSAN'S ARTICLE STATES THAT A STRONG GOT COULD "BREAK THE PRESENT FINANCIAL EMBARGO" IN THE NEXT SIX MONTHS BY SELLING AGRICULTURAL STOCKS, BORROWING \$1 BILLION FROM U.S. AND FRG GOVERNMENTS, DEVALUING THE TURKISH CURRENCY BY THE END OF 1977, AND BORROWING FURTHER FUNDS FROM UNSPECIFIED PRIVATE SOURCES.

5. COMMENT: EMBASSY CONTACTS CONFIRM TURKISH AUTO INDUSTRY IS AMONGST MOST HARD HIT BY SHORTAGES OF IMPORTED MATERIALS DUE TO FOREIGN EXCHANGE SHORTAGES. HOWEVER, EMBASSY CANNOT PROVIDE QUANTIFICATION OF MATERIAL SHORTAGES' EFFECTS UPON PRODUCTION OF ANY INDUSTRY AT THIS TIME. AS FOR AYSAN'S SOLUTION FOR CURRENT INDUSTRIAL BOTTLE-NECKS IT IS PATENTLY OVEROPTIMISTIC, PARTICULARLY IF GOT WAITS UNTIL END OF 1977 BEFORE REALISTIC DEVALUATION.

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SPIERS

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Message Attributes

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Copy: SINGLE
Sent Date: 03-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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From: ANKARA
Handling Restrictions: n/a
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ISecure: 1
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vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/b49b144f-c288-dd11-92da-001cc4696bcc
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